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Washington, D. C.

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26 September 1945

* subject to DOD concurrence

MEMORANDUM FOR THE DIRECTOR OF THE STRATEGIC SERVICES UNIT:

Subject: Transfer of OSS Personnel and Activities
to the War Department and Creation of Strategic Services Unit

By letter from the Deputy Chief of Staff dated today, you have been designated to represent the War Department in the transfer of those OSS activities which will come to the War Department and in their continued operation. I shall recommend that the Secretary of War confirm this designation as requested by you.

These activities will become for the time being, as a matter of War Department organization, subject to the authority of my office and for convenience will be referred to as the Strategic Services Unit. This assignment of the OSS activities, so to be transferred to the War Department, is a method of carrying out the desire of the President, as indicated by representatives of the Bureau of the Budget, that these facilities of the OSS be examined over the next three months with a view to determining their appropriate disposition. Obviously this will demand close liaison with the Bureau of the Budget, the State Department and other agencies of the War Department, to insure that the facilities and assets of OSS are preserved for any possible future use, so far as not presently to be liquidated in any event by reason of the termination of hostilities. The situation is one in which the facilities of an organization, normally shrinking in size as a result of the end of fighting, must be preserved so far as potentially of future usefulness to the country. However, any integration of its activities with those of other agencies of the War Department should proceed only after consultation with the Bureau of the Budget and the State Department, in view of the desire of the President (expressed in his letter of 20 September to the Secretary of State) that the Secretary of State take the lead in surveying the whole field of intelligence operations during the next few months. Obviously the whole subject is one for careful and cooperative study and analysis of the various functions now being performed by OSS.

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- See also HS/CSG-601

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In the meantime, the continuing operations of OSS must be performed in order to preserve them as a going operation. As you know the staff of my office is too small to exercise detailed supervision over an enterprise the size of the OSS activities to be subject to your control. It is not desirable to increase that staff. Accordingly on matters of administration, I expect that you will conform, as fully as is practicable, with applicable War Department policies and regulations and will consult and coordinate your actions with the appropriate War Department agencies.

I am particularly anxious that you keep the Budget Fiscal and Accounting officers of the War Department fully advised of the activities of the Unit and arrange to obtain their assistance and guidance to the fullest practicable extent. In general, I expect you to keep not only my office, but also the Deputy Chief of Staff, advised of your plans and activities so that he may be in a position to furnish to the Secretary of War and to me advice and recommendations.

Major questions of policy should be discussed with my office. I am particularly anxious that my office be kept informed as to proposals for the disposition of particular substantial operations, facilities or assets of the present OSS organization. I think you should inaugurate a system of periodic written reports of progress and outlines of future plans, of which copies should be furnished to the Deputy Chief of Staff.

I desire that the status of the assets to be taken over by the War Department as of 1 October 1945 be carefully checked by the proper Budget and Fiscal officers of the War Department, to the extent that they deem necessary, and as you know, instructions for such check, by inventory and otherwise, have been given.

If you require additional assignment of staff from the War Department, I expect that you will ask for the assignment of the necessary personnel and make direct arrangements with the Deputy Chief of Staff for such assignment.

This memorandum is furnished for your information and guidance as an expression of my general views as to policy and procedure.

/s/ John J. McCloy
John J. McCloy
The Assistant Secretary of War